

State of Iowa - Return on Investment Program / IT Project Evaluation**SECTION 1: PROPOSAL**

Tracking Number (For Project Office Use)

Project Name: Budget Redesign Date: 7-11-00

Agency Point of Contact for Project: Randy Bauer

Agency Point of Contact Phone Number / E-mail: 281-7811 randy.bauer@idom.state.ia.us

Executive Sponsor (Agency Director or Designee) Signature: Cindy Eisenhauer

Is this project necessary for compliance with a Federal standard, initiative, or statute? (If "Yes," cite specific requirement, attach copy of requirement, and explain in Proposal Summary) ☐ Yes ☒ No

Is this project required by State statute? (If "Yes," explain in Proposal Summary) ☐ Yes ☒ No

Does this project meet a health, safety or security requirement? (If "Yes," explain in Proposal Summary) ☐ Yes ☒ No

Is this project necessary for compliance with an enterprise technology standard? (If "Yes," explain in Proposal Summary) ☐ Yes ☒ No

Does this project contribute to meeting a strategic goal of government? (If "Yes," explain in Proposal Summary) ☒ Yes ☐ No

Is this a "research and development" project? (If "Yes," explain in Proposal Summary) ☐ Yes ☒ No

PROPOSAL SUMMARY:

In written detail, explain why the project is being undertaken and the results that are expected. This includes, but is not limited to, the following:

1. A pre-project (before implementation) and a post-project (after implementation) description of the system or process that will be impacted.
2. A summary of the extent to which the project provides tangible and intangible benefits to either Iowa citizens or to State government. Included would be such items as qualifying for additional matching funds, improving the quality of life, reducing the government hassle factor, providing enhanced services, improving work processes, complying with enterprise technology standards, meeting a strategic goal, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, complying with federal or state laws, etc.
3. A summary that identifies the project stakeholders and how they are impacted by the project.

The project will redesign the state budget system. The present mainframe system is outdated and inflexible. It does not easily allow the user to enter information into the system, and key aspects of the budget process, such as performance measurement are cumbersome and were developed as an “add on” to the existing system. Other aspects of budgeting, such as costs associated with FTEs and salary increases, must be figured separately from the system. Because the system is not compatible with a PC environment, many current users use separate spreadsheets and databases for budget preparation and then enter finished product into the system, which is a duplicative process. Because the system is not integrated with the state accounting system, fund balancing between IFAS and the budget system is also a time consuming process. The present system also has evolved over time with little documentation on processes; new users face a steep learning curve, and there is also little support for the present system.

It is envisioned that a new budget system will be PC based and will allow the users at each step of the process to enter the relevant data just once into the system. It will integrate with the IFAS system to reduce the need to do end-of-year fund balancing. Performance measures and data will be an integral part of the budget system so that the present “crosswalks” that tie budget and measures together will not be necessary. Because the system will be PC-based, it will not be necessary for users to request prints from the mainframe to access their data within the system. The vendor for the system will provide extensive training for users and documentation so that the state may adequately support the new system.

There are a variety of benefits that will accrue from the project. Among the tangible benefits should be decreased time to process budget information on the state system. The present mainframe system does not have word processing capabilities, it is not integrated into a PC based environment, and reports and other information from the system are not easily prepared at the department level. Performance measures are also not easily entered into the system. It is likely that a new system will reduce staff hours necessary for budget preparation, which should provide additional resources for more productive use.

Most of the benefits are intangible. Governor Vilsack has focused upon measuring results as an important component of the budget process. However, the present budget system was not created to include performance measures within it. The new budget system will provide for this integration. This should both reduce staff time necessary to enter the information and also increase the use and the quality of performance measures and tracking progress in attaining results.

The new system should also enhance budget information at all levels. The present system has inadequate documentation and has been cobbled together over time. A system with better training, documentation, and ease of access should provide for better budget information for decisionmaking by actors throughout the process.

A new system should also be more stable. The present system is basically supported by one individual. Concerns have been expressed about system failure and effects that could have on state processes. It is envisioned that any new system would involve a service agreement with the system vendor to provide support.

There are a variety of stakeholders for the project. Because all state departments and agencies that receive state appropriations are required to enter their budget information into the budget system, all state agencies and departments are stakeholders. The Department of Management, which works most closely with state departments on budget matters, and the Legislative Fiscal Bureau, which provides budget information to their branch of government, are major stakeholders. The ITD, because of the need to maintain the system, is also a stakeholder.

SECTION 2: PROJECT PLAN

Individual project plans will vary depending upon the size and complexity of the project. A project plan includes the following information:

1. Agency Information

Project Executive Sponsor Responsibilities: Identify, in Section I, the executive who is the sponsor of the project. The sponsor must have the authority to ensure that adequate resources are available for the entire project, that there is commitment and support for the project, and that the organization will achieve successful project implementation.

The Executive Sponsor for the project is Cynthia Eisenhower, Director, Department of Management.

Organization Skills: Identify the skills that are necessary for successful project implementation. Identify which of these skills are available within the agency and the source(s) and acquisition plan for the skills that are lacking.

The project will require significant collaboration with other agencies and departments, ability to work with an outside vendor, project management skills, and an understanding of systems analysis and implementation.

The Department of Management obtained authorization for \$100,000 and 1 additional FTE in its FY 01 budget to hire a project manager. We are in the process of filling that position.

At the same time, the Department and the Legislative Fiscal Bureau have, for over a year, been working in collaboration on this project. A high level steering team, including Directors Eisenhower and Dennis Prouty, and including senior management members of both organizations (Glen Dickinson, Holly Lyons, and Doug Wulf from LFB and Jim Chrisinger and Randy Bauer from Management) have been working with other staff from both departments on teams focused on specific characteristics of a new budget system. Focus groups have been held, a survey of users distributed and answers tabulated, and sessions held with possible vendors.

It is estimated that approximately half the cost of a new budget system will consist of implementation costs of staff and consultants provided by the vendor. We believe that these services, complemented by the DOM FTE and staff of the LFB and DOM will be sufficient to implement the new system.

2. Project Information

Mission, Goals, Objectives: The project plan should clearly demonstrate that the project has developed from an idea to a detailed plan of action. The project plan must link the project to an agency's mission, goals, and objectives and define project objectives and how they will be reached. The project plan should include the following:

- A. **Expectations:** A description of the purpose or reason that the effort is being undertaken and the results that are anticipated.

The effort is being undertaken to obtain a budget system that has better user interface, more flexible applications, with greater opportunity to prepare reports, with full documentation for maintenance of the system. It is also expected that the system will be better integrated with the state accounting and human resources systems.

It is anticipated that a new system will reduce staff hours necessary to prepare and enter budgets into the system, to maintain the system, and to do other common routines (such as funds

balancing at the end of the fiscal year). The new system should provide better data in a more user-friendly fashion. It should also provide easier methods for tracking and measuring results of budget decisions.

- B. **Measures:** A description of the set of beliefs, tradeoffs and philosophies that govern the results of the project and their attainment. How is the project to be judged or valued? What criteria will be used to determine if the project is successful? What happens if the project fails?

This administration values data-based decisionmaking, but the present budget system makes it very difficult to meet this ideal. The present administration stresses performance based measurement and management, but the present system was not created to track these issues. The new system should provide easier access to budget data and should include as an integral component ways to enter and track performance data.

The new system should also be more user friendly – it should allow more flexibility in its use by stakeholders, it should be fully documented, and it should integrate with other major systems such as accounting and human resources.

The project will be considered successful if the system is markedly better in each of these three areas. It will be useful to survey users for information about system use. The ultimate determination of project success will be if the major stakeholders – decisionmakers in the Department of Management and Governor's office, and Legislators – get better and more information from the new system.

Given the history of recent implementation efforts of budget systems in other states, I would place the chance of project failure in the "remote" category. Budget systems are becoming much more sophisticated and vendors better at the implementation process. As a new system will likely not be a mainframe system, the present system can be maintained until full migration to a new system has occurred, which would minimize damage from project failure.

- C. **Environment:** Who will provide input (e.g., businesses, other agencies, citizens) into the development of the solution? Are others creating similar or related projects? Are there cooperation opportunities?

There has already been much input provided. The Legislative Fiscal Bureau and Department of Management did a budget user's survey over the Internet and hosted two focus groups. The ERP migration project involving Deloitte and Touche did another focus group that involved the input of other agencies and departments and the legislative branch.

- D. **Project Management and Risk Mitigation:** A description of how you plan to manage the project budget, project scope, vendors, contracts and business process change (if applicable). Describe how you plan to mitigate project risk.

It is expected that the system will be put out for an RFP, and that the contract with the vendor will be for all hardware and software, system implementation, training, and documentation. The Department of Management has secured funding for an FTE to act as project manager.

- E. **Security / Data Integrity / Data Accuracy / Information Privacy:** A description of the security requirements of the project? How will these requirements be integrated into the project and tested. What measures will be taken to insure data integrity, data accuracy and information privacy?

Issues relating to data integrity, accuracy, and information privacy will be components of the RFP.

3. Current Technology Environment (Describe the following):

A. Software (Client Side / Server Side / Midrange / Mainframe)

- Application software
- Operating system software
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.

Mainframe system with limited interfaces to other state systems.

B. Hardware (Client Side / Server Side / Mid-range / Mainframe):

- Platform, operating system, storage and physical environmental requirements.
- Connectivity and Bandwidth: If applicable, describe logical and physical connectivity.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.

Mainframe system with limited interfaces to other state systems.

4. Proposed Environment (Describe the following):

A. Software (Client Side / Server side / Mid-range / Mainframe)

- Application software.
- Operating system software.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.
- General parameters if specific parameters are unknown or to be determined.

B. Hardware (Client Side / Server Side / Mid-range / Mainframe)

- Platform, operating system, storage and physical environmental requirements.
- Connectivity and Bandwidth: If applicable, describe logical and physical connectivity.
- Interfaces to other systems: Identify important or major interfaces to internal and external systems.
- General parameters if specific parameters are unknown or to be determined.

These aren't known at this time.

Data Elements: If the project creates a new database the project plan should include the specific software involved and a general description of the data elements.

These aren't known at this time.

Project Schedule: A schedule that includes: time lines, resources, tasks, checkpoints, deliverables and responsible parties.

At present, our timeline would include:

August 2000: Project manager hired

September 2000: Results of Deloitte-Touche study analyzed for budget system component

Budget recommendation for FY 02 prepared

October 2000: Pending funding, prepare RFP for budget system

November 2000: Submit RFP

January 2001: RFP due.

March 2001: Secure vendor for project.

May 2001: Project implementation begins.

Actual time for deliverables is unknown at this time. It is expected that the Project Manager and the State Budget Director would be the responsible parties for the project.

SECTION 3: Return On Investment (ROI) Financial Analysis

Project Budget:

Provide the estimated project cost by expense category.

Personnel	\$	NA	_____
Software	\$	NA	_____
Hardware	\$	NA	_____
Training	\$	NA	_____
Facilities	\$	NA	_____
Professional Services	\$	NA	_____
Supplies	\$	NA	_____
Other (Specify)	\$	NA	_____
Total	\$	NA	_____

Project Funding:

Provide the estimated project cost by funding source.

State Funds	\$	NA	_____	% of total cost
Federal Funds	\$	NA	_____	% of total cost
Local Gov. Funds	\$		_____	% of total cost
Private Funds	\$		_____	% of total cost
Other Funds (Specify)	\$		_____	% of total cost
Total Cost:	\$	NA	_____	% of total cost

How much of the cost would be incurred by your agency from normal operating budgets (staff, equipment, etc.)? \$ NA _____ %

How much of the cost would be paid by "requested IT project funding"? .. \$ NA _____ %

Provide the estimated project cost by fiscal year: FY 01 \$ \$1,100,000

FY 02 \$ Unknown

FY _____ \$ _____

ROI Financial Worksheet Directions (Attach Written Detail as Requested):

Annual Pre-Project Cost -- Quantify, in written detail, all actual State government direct and indirect costs (personnel, support, equipment, etc.) associated with the activity, system or process prior to project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

This amount is not readily quantifiable.

Annual Post-Project Cost -- Quantify, in written detail, all estimated State government direct and indirect costs associated with activity, system or process after project implementation. This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

This amount is not readily quantifiable.

State Government Benefit -- Subtract the total "Annual Post-Project Cost" from the total "Annual Pre-Project Cost." This section should be completed only if State government costs are expected to be reduced as a result of project implementation.

This amount is not readily quantifiable

Citizen Benefit -- Quantify, in written detail, the estimated annual value of the project to Iowa citizens. This includes the "hard cost" value of avoiding expenses (hidden taxes) related to conducting business with State government. These expenses may be of a personal or business nature. They could be related to transportation, the time expended on or waiting for the manual processing of governmental paperwork such as licenses or applications, taking time off work, mailing, or other similar expenses.

This amount is not readily quantifiable

Opportunity Value/Risk or Loss Avoidance Benefit -- Quantify, in written detail, the estimated annual benefit to Iowa citizens or to State government. This could include such items as qualifying for additional matching funds, avoiding the loss of matching funds, avoiding program penalties/sanctions or interest charges, avoiding risks to health/security/safety, avoiding the consequences of not complying with State or federal laws, providing enhanced services, avoiding the consequences of not complying with enterprise technology standards, etc.

This amount is not readily quantifiable

Total Annual Project Benefit -- Add the values of all annual benefit categories.

Total Annual Project Cost -- Quantify, in written detail, the estimated annual new cost necessary to implement and maintain the project including consulting fees, equipment retirement, ongoing expenses (i.e. labor, etc.), other technology (hardware, software and development), and any other specifically identifiable project related expense. In general, to calculate the annual hardware cost, divide the hardware and associated costs by three (3), the useful life. In general, to calculate the annual software cost, divide the software and associated costs by four (4), the useful life. This may require assigning consulting fees to hardware cost or to software cost. A different useful life may be used if it can be documented.

The total cost of the project is unknown and will be based on vendor submissions and decisions by the sponsoring department subject to legislative appropriation.

Benefit / Cost Ratio -- Divide the "Total Annual Project Benefit" by the "Total Annual Project Cost." If the resulting figure is greater than one (1.00), then the annual project benefits exceed the annual

project cost. If the resulting figure is less than one (1.00), then the annual project benefits are less than the annual project cost.

Given uncertain cost, this cannot be calculated.

ROI -- Subtract the "Total Annual Project Cost" from the "Total Annual Project Benefit" and divide by the amount of the project funds requested.

Given uncertain cost, this cannot be calculated

Benefits Not Cost Related or Quantifiable -- List the project benefits and articulate, in written detail, why they (IT innovation, unique system application, utilization of new technology, hidden taxes, improving the quality of life, reducing the government hassle factor, meeting a strategic goal, etc.) are not cost related or quantifiable. Rate the importance of these benefits on a "1 – 10" basis, with "10" being of highest importance. Check the "Benefits Not Cost Related or Quantifiable" box in the applicable row.

Better data-based decision making. The present budget system is difficult to use, and decision makers generally take budget system data and put it into a more workable format for their use. Much of the data available is never accessed or used in making decisions. The data for measuring results is not easily integrated into the system, and it is not used for its intended purposes as a result. Importance of these benefits: 10

Reduce danger of system failure. The present system is not well documented, and it is basically maintained by one individual. In the event of system failure, it is possible that the system could have significant downtime with potentially adverse consequences. A new system would have full documentation, and there would be some responsibility on the part of the vendor to prevent or assist with system breakdowns or failure. Importance of these benefits: 8

ROI Financial Worksheet

Annual Pre-Project Cost - How You Perform The Function(s) Now

FTE Cost (salary plus benefits):	
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	
A. Total Annual Pre-Project Cost:	

Annual Post-Project Cost – How You Propose to Perform the Function(s)

FTE Cost:	
Support Cost (i.e. office supplies, telephone, pagers, travel, etc.):	
Other Cost (expense items other than FTEs & support costs, i.e. indirect costs if applicable, etc.):	
B. Total Annual Post-Project Cost:	
State Government Benefit (= A-B):	

Annual Benefit Summary

State Government Benefit:	
Citizen Benefit (including quantifiable “hidden taxes”):	
Opportunity Value and Risk/Loss Avoidance Benefit:	
C. Total Annual Project Benefit:	
D. Total Annual Project Cost:	
Benefit / Cost Ratio (C / D):	_____
ROI (C – D / Project Funds Requested):	_____ %

☐ Benefits Not Cost Related or Quantifiable (including non-quantifiable “hidden taxes”)